

Backpage.com to Lose Delaware LLC Formations

Under a Delaware Court of Chancery consent judgment issued Tuesday, four limited liability companies (LLCs) linked to the website Backpage will relinquish their Delaware certificates of formation. The judgment calls for the companies to lose their certificates of formation following a request by the Delaware Department of Justice and negotiation with the company, which has ceased to operate. Backpage pleaded guilty to crimes related to promoting human trafficking, and has agreed to forfeit its assets to the United States government.

The judgment means Backpage.com, LLC, Website Technologies, LLC, Posting Solutions, LLC, and Amstel River Holdings, LLC will have their certificates of formation cancelled 31 days after the current federal criminal charges against the company are resolved. The Department of Justice requested cancellation of the certificates to occur a month after the conclusion of the criminal case against the company based on a request from the U.S. Attorney for the District of Arizona, which is prosecuting Backpage and the other three LLCs and their principals, that the cancellation not take effect until after the criminal cases and related third party claims are resolved.

The Delaware Department of Justice's November 2018 complaint, filed under then-Attorney General Matt Denn, asked for the cancellation and alleged the four entities "were deeply involved in the criminal activities that were part and parcel of the ownership and operation of the notorious sex trafficking website Backpage" and cited numerous criminal guilty pleas by the entities themselves and one of the principals involved in the entities. The petition was filed under a state law signed in July 2018 authorizing the Attorney General to petition the Court of Chancery to cancel a Delaware

LLC's certificate of formation.

"Delaware law now allows for the Attorney General's office to petition for the cancellation of a company's formation due to 'abuse or misuse of its limited liability company powers, privileges or existence,'" Attorney General Kathy Jennings said. "In this first use of that power with regard to LLCs, DOJ and the Court have set a precedent for using that power to address a company whose formation was largely used to promote criminal activity."

State Solicitor Aaron Goldstein and Deputy Attorney General Christian Douglas Wright handled the matter for the Department of Justice. The Court of Chancery judgment is [available here](#).